

LAW OFFICES
PRUITT, GUSHEE & BACHTELL
SUITE 1850 BENEFICIAL LIFE TOWER
SALT LAKE CITY, UTAH 84111-1495
(801) 531-8446

ROBERT G. PRUITT, JR.
OLIVER W. GUSHEE, JR.
THOMAS W. BACHTELL
A. JOHN DAVIS, III
JOHN W. ANDERSON
FREDERICK M. MACDONALD
ANGELA L. FRANKLIN

TELECOPIER (801) 531-8468

OF COUNSEL
MICHAEL F. JONES
JOHN F. WALDO
BRENT A. BOHMAN

October 19, 1994

Department of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203
Attn: Wayne Hedberg

and

Department of the Interior
Bureau of Land Management
Warm Springs Resource Area
35 East 500 North
P.O. Box 778
Fillmore, UT 84631
Attn: Roddy Cox

OCT 20 1994

Re: *Federal Leases U-37863 -
U 37912; and Mining Permit
M/027/008, Millard County,
Utah*

In accordance with our recent conversations regarding a method of bonding the performance of remaining reclamation for the Sevier Dry Lake Project, Crystal Peak Minerals Corporation ("Crystal Peak") has elected to obtain a certificate of deposit in the amount of \$2,000, as recommended by Lowell Braxton, Associate Director of the Division of Oil, Gas & Mining ("DOGM") in his letter of March 28, 1994. The new bond is intended to replace all remaining bonds posted by Crystal Peak in connection with the mining permit and reclamation plan. Specifically, it is intended to replace an inapplicable \$5,000 corporate surety bond on a surrendered Utah State Special Use Lease, presently posted with the Utah Division of State Lands (on which request has already been made for release) and the "self bond," currently held by DOGM for the Sevier Dry Lake Project Permit and reclamation plan.

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Division of Oil, Gas & Mining
Bureau of Land Management
October 19, 1994
Page 2

Following a guideline furnished by DOGM, I have prepared and enclose a form of joint agency agreement to be entered into by DOGM and the Bureau of Land Management ("BLM") and Crystal Peak in connection with the certificate of deposit for \$2,000 to be issued by Texas Commerce Bank (Crystal Peak's Houston, Texas bank). You will note that the proposed joint agency agreement makes specific reference to two letter attachments which are the basis for the remaining reclamation and bonding requirement.

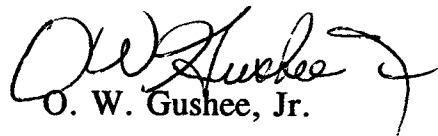
Upon execution of the joint agency agreement by all parties, it is understood BLM's Warm Springs Area Resource Office will immediately notify the Utah State Office of the BLM in Salt Lake City, Utah of its acquiescence to the acceptance of the pending Relinquishments of the captioned federal leases filed by Crystal Peak in May of 1993. In addition, it is Crystal Peak's understanding that the existing self bond referred to above, as well as the bond held by the Division of State Lands, will also be released concurrently.

According to the format furnished by DOGM, the draft agreement will be issued by DOGM on its letterhead, and then circulated for signature.

It will be appreciated if all actions can take place as quickly as possible. Upon being notified by the government agencies that the joint agency agreement is an acceptable document, Crystal Peak will take action to secure the certificate of deposit described in the agreement and provide the certificate number and date for inclusion in the reference to it contained in the joint agency agreement at the time of Crystal Peak's execution.

Please let me know if you have any questions or comments.

Very truly yours,


O. W. Gushee, Jr.

OWG:sh
Enclosures
1089.48
cc: (w/enclosures)
Robert Lopez
David Newman
Larry Sower